WE LOOK TO THE FUTURE

Circa
Enterprises Inc.

Serving North America with specialty engineering and manufacture of equipment for the telecom and construction sectors.

ANNUAL REPORT 2003

AND WE SEE OPPORTUNITY

ABILITY + CAPABILITY + FLEXIBILITY +

Annual General Meeting

Circa shareholders are invited to attend the Annual General Meeting at 2:00 pm, on June 16, 2004, in the Heritage Room at the Blackfoot Inn, 5940 Blackfoot Trail SE, Calgary, Alberta. If unable to attend, we ask shareholders to fill in their form of proxy and return it to Computershare Trust Company of Canada.

Corporate Profile

Circa Enterprises Inc. is a specialty manufacturer that focuses on surge protection and related equipment primarily for the telecom industry. Not only are these high quality products distributed throughout North America, but Circa has strengthened its manufacturing capability over the past two years and is continually expanding its product base. A prudent approach to managing finance has allowed Circa to maintain a solid financial position which supports new product development and expansion in response to customer demand.

Circa Enterprises Inc. is headquartered in Calgary, Alberta where its design, engineering and manufacturing is located. Circa also has a metal fabrication facility in Markham, Ontario, a warehousing facility in Tampa, Florida, U.S., and contracts assembly services to a company in Shenzhen, China. Through these facilities, Circa is well positioned to serve its markets and expand its product offering.

Circa is listed on the Toronto Stock Exchange, symbol CTO.

NEW MARKETING **OPPORTUNITIES** AND FINANCIAL **FLEXIBILITY** ARE **CREATING OPPORTUNITIES** FOR GROWTH

EXPERTISE = FUTURE OPPORTUNITIES

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Highlights

($000s, except where indicated)	**2003**	2002
Sales	**16,166**	22,038
Gross profit	**5,897**	8,150
Operating expense	**6,460**	5,531
Net (loss) earnings	**(305)**	1,721
(Loss) earnings per share	**(0.03)**	0.19
Gross profit (%)	**36.5**	37.0
Return on equity (%)	**(3.2)**	15.0
Dividend per share *	**-**	0.3
Net book value per share	**0.99**	1.04
Shares outstanding at year end	**9,458,650**	9,412,650
Working capital	**6,691**	7,001
Current ratio	**6.2:1**	2.4:1
Capital assets	**1,853**	2,197
Total assets	**11,092**	15,421

*The Board of Directors declared a cash dividend of $0.05 per share to shareholders of record at April 5, 2004.

CIRCA MAINTAINED **FINANCIAL STRENGTH** WITH NO BANK DEBT AT YEAR END, DESPITE A YEAR OF SOFT MARKETS. **THE OUTLOOK IS FOR REVENUE GROWTH** IN 2004.

Message to Shareholders

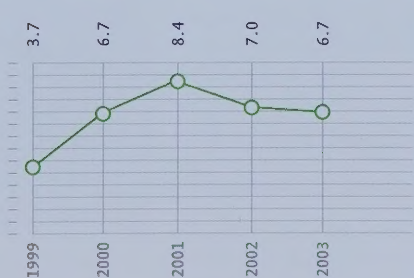
March 28, 2004

I am pleased to report our 2003 performance resulted in a solid financial position at year end. Circa continues its prudent approach to finance, maintaining a bank debt-free status. In addition, new market opportunities developed during 2003, created opportunities for Circa in the years to come.

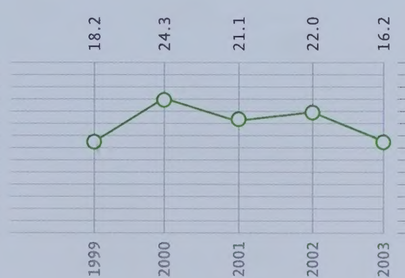
Circa implemented a number of behind-the-scenes improvements that serve to reduce manufacturing costs and improve our ability to control quality and costs. These efforts were the major focus of internal activity during 2003. While making improvements, we also added to our product suite as well as initiating entirely new products.

For 2003, results reflected a softer market demand for surge protection equipment and the negative effect of foreign currency translation. However even with these challenges, Circa realized an acceptable performance:

- Revenue of $16.2 million, which was 26 percent lower than the $22 million recorded in 2002, reflecting a reduction in new construction-related communications connections requiring surge protection equipment versus new business from the Markham, Ontario custom metal fabrication shop
- Gross profit margin, at 36.5 percent for 2003, was in line with 37 percent in 2002
- Expenses were in keeping with upgrading the Markham facility, consolidating the Florida-based facilities from two locations to one in Tampa and the non-cash impact of foreign currency translation resulting from the improved value of the Canadian dollar
- The solid financial position was maintained with no bank debt at year end and retained earnings of $6.7 million
- The financial position entering 2004 resulted in the ability for Circa's Board of Directors to declare a cash dividend of $0.05 per share in March 2004 for shareholders of record at April 5, 2004



Working Capital ($ millions)



Revenue ($ millions)

AN **EXCITING DEVELOPMENT FOR CIRCA** DURING 2003 WAS THE PROGRESS MADE ON AN ENTIRELY NEW PRODUCT THAT TAKES ADVANTAGE OF IN-HOUSE ENGINEERING AND DESIGN CAPABILITY.

TESTING IS PROVING THAT **CIRCA'S SYSTEM PERFORMS VERY WELL** AND DEVELOPMENT WILL REFINE THE PRODUCT AND PLAN FOR MARKETING AND DISTRIBUTION.

PRODUCT DEVELOPMENT AND MARKETING OPPORTUNITIES

Circa's market strength continues to be surge protection equipment. During the year, Circa made significant advances to its traditional product suite in response to customer demand. Design and engineering efforts develop new configurations of the equipment to suit customer applications. This ability to quickly respond to changing needs solidifies Circa's reputation with its customers.

An exciting development for Circa during 2003 was the progress made on an entirely new product that takes advantage of in-house engineering and design capability. Circa is in a testing stage with an energy efficiency control system that will allow home and business owners to better regulate the temperature in each room of their house or building. Testing is proving that Circa's system performs very well and development will refine the product and plan for marketing and distribution. In this early stage, Circa has not yet determined the full potential of the market but it is a product that can be installed both in new construction or retrofitted for existing buildings.

New strides were made during 2003 to identify previously untapped markets and contracts for Circa's products. Circa will persevere with this process knowing projects with major corporations are based on long-standing relationships and there can be a substantial lead-time to close a new contract.

Changes across the industry are creating new opportunities for Circa. As large manufacturers refocus their efforts, they are outsourcing elements of their business. This trend will create opportunities to companies like Circa that specialize in copper-based, surge suppression products, which is a mature product area. We believe Circa is well positioned to capture market share as a result of these strategic shifts as larger players look for partners or as weaker players leave the scene.

The recent acquisition in metal manufacturing also offers opportunities to grow in custom metal manufacturing both at a prototype phase as well as in the production phase.

OPERATIONAL EFFICIENCIES

Over the past year and a half, Circa has made substantial changes to its internal systems and operations which improve efficiency and quality control. A major project has been the assimilation of the acquired custom metal fabrication in Markham. Some of the improvements made during 2003 include; linking estimating and accounting systems to head office, supporting manufacturing with engineering and design services from Calgary, and expanding the facility to accommodate new business. All of these efforts have paid off with new customers and increased revenue. There is more potential to be realized from Markham, in addition to its ability to manufacture housing for Circa's core products. This facility will continue to be an operations focus as well as a marketing focus for a number of years.

Other initiatives include improvements to supply chain management, focused on a reduction in standing inventory, and upgrading accounting systems to improve information flow from Circa locations to head office. These behind-the-scenes improvements are important for bottom-line performance in the near-term and they better position Circa for expansion. New products can be designed and developed more quickly and at lower cost because of the more effective support systems.

STRENGTHENED BOARD OF DIRECTORS

Circa's Board of Directors was strengthened during 2003 with the addition of Mr. Robert Johnston and Mr. Brice Sweatt. Mr. Johnston, MBA, is Vice President of Strategic Planning for The InterTech Group, Inc. in South Carolina. Brice Sweatt, B.Sc., CPA is The InterTech Group's Vice President of Finance.

With the addition of these two Board members, Dr. Fred Jacques and Mr. Rick Schmidt, agreed to step down from the Board. We thank them for their service on the Board. Mr. Schmidt continues as Circa's Vice President, Finance and Chief Financial Officer.

OUTLOOK FOR 2004

For 2004, we anticipate the stabilized Canadian dollar value will limit the foreign currency impact on our financial results during the year. We will continue conservative reinvestment as well as considering acquisitions that will add value. Further opportunities will be created in using knowledge of telecommunication, electronic based products and manufacturing expertise.

These factors combined with a strong financial position, management expertise, and a history of operating profitability should allow Circa to significantly increase its growth.

The Company's Board of Directors has approved a cash dividend of $0.05 per common share payable to shareholders of record at April 5, 2004. The dividend reflects the Company's positive cash flow and financial position. Circa is not establishing a policy of regular dividend payments at this time, however the Board of Directors will continue to review Circa's financial position for the opportunity for future returns to shareholders.

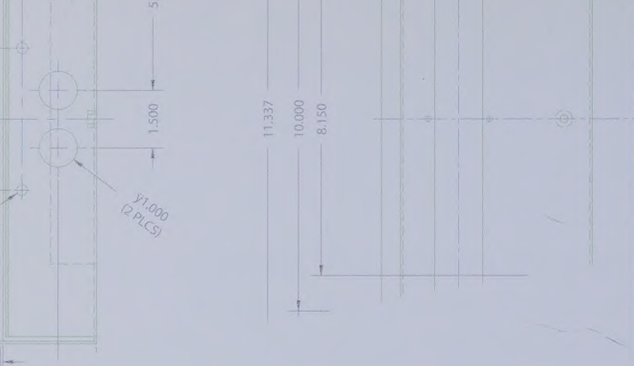
I sincerely thank all of those who have helped to contribute to our success over the past year. We would like to welcome our three most recent additions to the Board: Mr. Robert Johnston, Mr. Brice Sweatt and Mr. Henry Lawrie who joined the Board earlier in 2003. We look forward to working with them.

On behalf of the Board,

I.W. Smith

IVAN W. SMITH
President, Chief Executive Officer and Chairman of the Board

March 30, 2004



CIRCA PRODUCTS: ENSURING RELIABILITY OF VOICE AND DATA LINES

Circa products are continually being developed to accommodate customer needs. Customers are most typically the telcom industry, installing surge protection equipment at commercial buildings in order to protect the integrity of voice and data lines. The products are designed and manufactured to customer specifications, often developed into new sizes and capabilities to meet the changing needs of evolving communication and computer equipment. Examples of these products are integrated six pair protectors and the high density, rack-mounted protector series.

"Bringing Circa Metals of Markham into Circa systems was a special focus during 2003. Circa Metals' customers benefited from the newly centralized accounting and access to in-house engineering and design. Our order to delivery time was shortened and new customers were attracted as a result. Circa Metals is busier than ever and there's more opportunity on the horizon."

Richard Lane, Operations Manager and Vice President, Circa Metals

① CALGARY, ALBERTA: HEADQUARTERS AND THE FOCUS OF ENGINEERING AND DESIGN

Calgary is home to a dedicated team of professionals providing engineering, manufacturing, and corporate and administrative services for the Circa Enterprises organization.

Innovation continued to shape Circa's product offerings as our engineering team partnered with customers to develop and launch a number of significant new products in 2003, setting the stage to fuel continued growth through an expanded product portfolio.

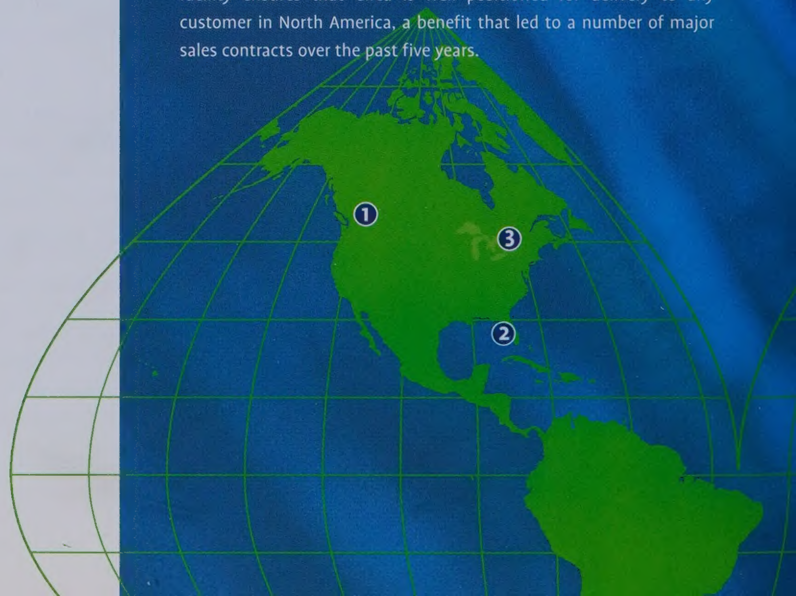
Continuous improvement and cost management are focal themes in Circa's manufacturing strategy. Advancements in production planning and supply chain management during 2003 allowed Circa to cut delivery lead-time through the Calgary factory, improving customer order flexibility, while simultaneously realizing a reduction in inventory on hand. Circa's dedication to consistently producing high quality products with recognizable value to customers is demonstrated through its recertification to ISO 9000: 2000.

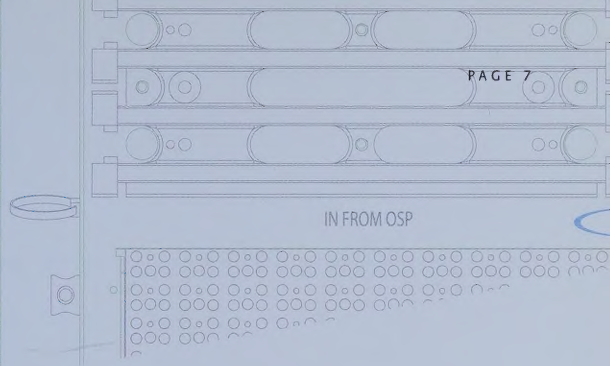
CIRCA'S CAPABILITY:

② TAMPA, FLORIDA: POSITIONED FOR U.S. CUSTOMERS AND EFFICIENT DISTRIBUTION

The 12,000-square-foot facility in Florida is an opportune location for warehousing Circa's surge protection equipment in close proximity to southern U.S.-based customers. This facility is linked in real-time to the Calgary head office, ensuring information flow and accounting systems are readily managed.

Circa moved the Asset Recovery business to the Tampa location with products including surge protection modules, cable and related telecom products sourced from the large telco's surplus inventory. This facility ensures that Circa is well positioned for delivery to any customer in North America, a benefit that led to a number of major sales contracts over the past five years.





③ MARKHAM, ONTARIO: CUSTOM METAL FABRICATION

Circa Metals utilizes state of the art manufacturing equipment supported by electronic design and programming tools, and a highly skilled workforce, to provide cost effective, custom prototype solutions for customers. Circa Metals serves a wide range of industries with sensitive time to market requirements.

Circa invested in the facility to increase throughput and improve quality since acquiring it in late 2002. The investment firmly took root by the fourth quarter of 2003 with increasing demand for its manufacturing services and significant sales growth. The improved systems and support led to an expansion of the facility completed toward the end of 2003.

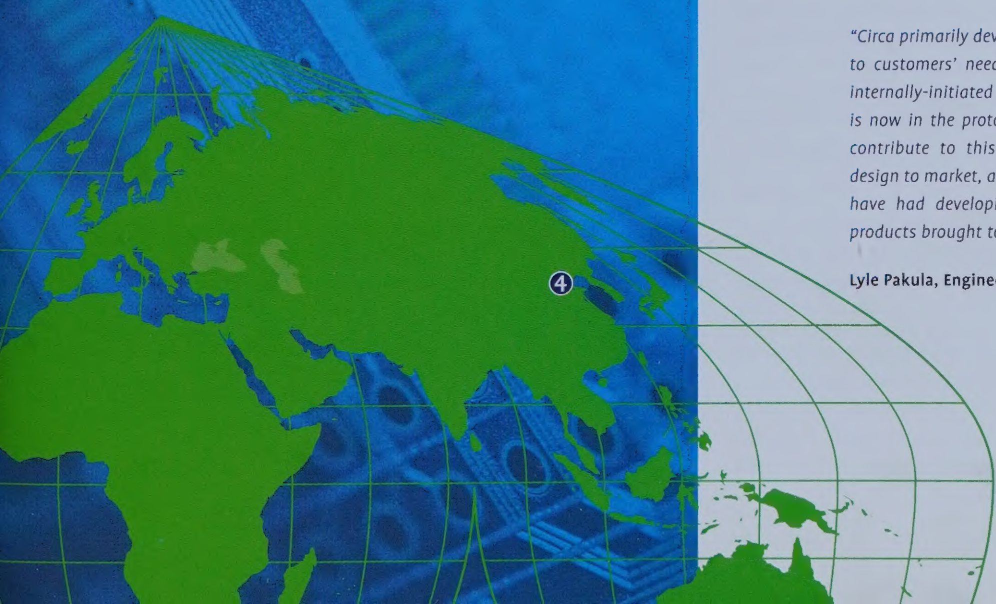
This capability to provide efficient new product development also enhanced Circa Enterprises' own research and development capabilities, contributing to the successful launch of a number of new product initiatives in 2003.

Circa Enterprises' volume production requirements for surge protection housings and metal work are fully met by Circa Metals, which also provides these services to a broad base of external clientele.

POSITIONED TO MEET CUSTOMERS' NEEDS

④ SHENZHEN, CHINA

A contract assembly relationship has been established based in Shenzhen, China. The assembly services are effective with immediate communication and excellent status reports to ensure Circa keeps tight quality control. Circa was able to reduce costs and develop an excellent working relationship through this contract.



INNOVATION WITH BRAND NEW PRODUCT IN DEVELOPMENT – HOME CONTROLLER

Circa's in-house engineering resources is developing an energy efficiency product that offers two distinct advantages – reduced energy consumption and increased temperature control. This new product provides more precise control over a building's heating or cooling as well as the lighting. By managing the heat or cooling with greater precision and room by room results in significant energy savings.

"Along with managing the contracted assembly services, outsourced to China, I am also involved in a number of special projects – from contributing to business plans and new product development to contributing to acquisition target evaluation. I can see numerous opportunities that lie ahead for Circa."

Jeff Taylor, Product Manager, Protection Modules

"Circa primarily develops new products in response to customers' needs. We are also developing an internally-initiated energy efficiency product that is now in the prototype stage. This is exciting to contribute to this new product's process from design to market, as is the considerable success we have had developing the new surge protection products brought to market in 2003."

Lyle Pakula, Engineering Manager

Management's Discussion and Analysis

GENERAL AND OVERVIEW

Circa's core business is the design, manufacture and marketing of a broad range of electrical surge protection and related products for the North American market. In 2002 the Company added custom metal fabrication to its service offerings, primarily to the Ontario market.

A high percentage of Circa's sales are to customers in the United States. As a result its sales and net income are heavily affected by U.S. market conditions, primarily in the commercial construction industry, and foreign currency fluctuations.

During 2003, the combination of a prolonged weakness in Circa's U.S. marketplace and a dramatic strengthening of the Canadian dollar versus the U.S. dollar resulted in a net loss for the Company. The prime driver of the loss was the non-cash, unrealized currency translation loss generated from the conversion of Circa's net working capital balances of its Florida subsidiary from accounts recorded in U.S. dollars to Canadian dollars.

Despite negative market conditions and currency effects, Circa was successful in maintaining strong gross margins, continued to reduce costs, and ended 2003 with a solid working capital position, including cash and cash equivalents, and marketable securities of $2.4 million.

The Company was also successful in paying a substantial special cash dividend of $0.30 per share to shareholders in January, 2003, highlighting not only its profitable operations, but also Circa's cash generation capabilities.

Early 2004 sees indications that the Canadian dollar may be stabilizing versus its U.S. counterpart. In addition, the Company has been successful in renewing two substantial supply contracts with Canadian telcos and has recently received orders from two new U.S. customers totaling over $400,000 CDN. These early indications are positive signs for an improvement in 2004 sales and earnings and a return to the successes that Circa has enjoyed throughout its history.

Selected Financial Information

($000s except per share figures)

	2001	2002	**2003**
Sales	21,054	22,038	**16,166**
Net Income (Loss)	1,482	1,721	**(305)**
Basic and Diluted Earnings (Loss) per Share	0.17	0.19	**(0.03)**
Total Assets	11,975	15,421	**11,092**
Long Term Liabilities	500	900	**449**

Sales and Net Earnings

($000s except per share figures)

	2002					**2003**				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Sales	4,347	5,441	7,146	5,104	22,038	**4,014**	**4,231**	**4,135**	**3,786**	**16,166**
Net Income (Loss)	239	277	967	238	1,721	**(106)**	**(99)**	**274**	**(374)**	**(305)**
Basic Earnings (Loss) Per Share	0.03	0.03	0.10	0.03	0.19	**(0.01)**	**(0.01)**	**0.03**	**(0.04)**	**(0.03)**
Diluted Earnings (Loss) Per Share	0.03	0.03	0.10	0.03	0.19	**(0.01)**	**(0.01)**	**0.03**	**(0.04)**	**(0.03)**

CONSOLIDATED STATEMENTS OF EARNINGS

Sales

Sales for 2003 of $16,165,665 were lower than those for 2002 of $22,037,846 for three primary reasons; the effect of the Canadian dollar upswing contributed over $1.6 million to the $5.8 million decrease. The second component relates to the surge protection module procurement process. Prior to 2003, the process included a sale to, and subsequent repurchase of module components from a supplier. This sale transaction is no longer a part of the process and this elimination reduced recorded sales by $1.0 million for 2003 compared to 2002. The third primary driver of the 2003 sales decrease was a weak U.S. market for Circa's protection products. A delay in deployment of DSL services by the Company's major customer for enclosures reduced sales by $1.7 million, with the balance of the decrease attributed to lower building entrance terminal and surge protection module sales.

Offsetting lower 2003 protection product sales were incremental sales generated by Circa's metal fabrication business. In addition to providing the Company's internal metal component needs, the business generated $1.5 million in sales to external customers, a $600,000 increase from the 2002 contribution.

Sales by Geographic Market ($000s)

	2000	%	2001	%	2002	%	**2003**	**%**
United States	20,924	86	19,388	92	19,920	90	**13,661**	**85**
Canada	3,419	14	1,666	8	2,118	10	**2,505**	**15**
	24,343		21,054		22,038		**16,166**	

Gross Profit

A high percentage of Circa's product costs are denominated in Canadian dollars while related sales are in U.S. dollars. This relationship continues to provide a benefit to the Company. However, the strong Canadian dollar in 2003 meant that sales realized in U.S. dollars translated to a lower Canadian dollar figure than that realized in 2002, while costs remained relatively stable. This currency swing generated a reduction in the gross margin percentage of approximately 2%. In spite of this, Circa maintained a gross margin of 36.5% for 2003 through increased production efficiencies and lower material costs. This percentage is only slightly lower than the 37% gross margin achieved in 2002. Circa continues to search for lower cost solutions, with the transition to meeting its own metal fabrication needs in house, being a prime example.

Expenses

Expenses, which are controllable in nature, such as General and Administrative, Marketing and Selling, and Engineering, totaled $4,906,480, and represented a decrease of 6.5% compared to 2002. Excluding incremental operating expenses of Circa Metals acquired in mid 2002, this reduction was 9%, with reduced staffing levels being the largest contributor to this decrease. The reduction in staffing costs was only partially reflected in 2003, and will be fully felt in 2004 and beyond.

As at December 31, 2003 the Company recorded an unrealized foreign currency translation loss of $1,009,398. This figure is calculated by comparing the translated Canadian dollar value of Circa's U.S. dollar denominated net working capital at December 31, 2003 to the value at December 31, 2002. At December 31, 2002 the Canadian dollar stood at $0.63 versus the U.S. dollar. At December 31, 2003 the Canadian dollar was $0.77, a 22% increase over the year. It should be noted that this resulting expense is non-cash in nature.

During 1999 and 2000 Circa developed an enclosure designed to house DSL technology and was successful in receiving a supply contract with a major telco. Since that time forecasts for DSL deployment have been greatly reduced, resulting in a decrease in sales for Circa of its enclosure products. In response to this decrease, management conducted a review of the carrying value of deferred development costs and materials inventory related to this product. (See Note 7 – Consolidated Financial Statements)

Net Loss

The Company estimates that the increase in the value of the Canadian dollar during 2003 produced an overall reduction in net earnings of approximately $1.1 million or $0.12 per share on an after tax basis.

Excluding the effect of the dramatic increase in the value of the Canadian dollar, Circa's net earnings would have been approximately $800,000, or $0.08 per share. This result would have reflected a weak U.S. economic picture, but also would have better reflected Circa's profitable operations.

CONSOLIDATED BALANCE SHEETS

While 2003 was not a positive year for earnings, it was a positive year for Circa's efforts to manage its balance sheet. A special dividend of $2.8 million or $0.30 per share was paid to shareholders in early 2003 while at December 31, 2003 the Company held $2.4 million in cash and marketable securities.

In response to weaker markets seen in 2003, inventory levels were reduced. Circa also enters 2004 with no bank indebtedness.

At December 31, 2003 the Company's current ratio, defined as current assets divided by current liabilities, was a very strong 6.2:1, reflecting liquidity and resources that can be channeled to future growth. Key to this success was meeting set objectives for inventory turns and accounts receivable collection periods.

At December 31, 2003 the Company had entered into contractual obligations as detailed below:

Contractual Obligations ($000s)	Payments Due by Period: Total	Less than 1 year	1–3 years	4–5 years	After 5 years
Long-term Debt	344	125	219	-	-
Capital Lease Obligations	30	7	23	-	-
Operating Leases	2,896	579	1,497	458	362
	3,270	711	1,739	458	362

CONSOLIDATED STATEMENTS OF CASH FLOWS

Various factors combined to produce a net loss in 2003, however cash flow from operations was $578,332, a very positive result given the obstacles encountered in the year. Added to existing cash at December 31, 2002, these funds were used to pay the $2.8 million special dividend, repay a note payable related to the 2002 Circa Metals Inc. acquisition, fund capital expenditures, and eliminate bank debt.

In addition, the Company maintains access to credit facilities. Cash generated from operations continues to meet all requirements for projected capital expenditures and ongoing operations.

RISKS AND UNCERTAINTIES

Ongoing business risks and uncertainties exist of which the following are the most significant:

Customer Concentration

For the year ended December 31, 2003, sales to five long-term customers totaled $9,694,000 or 60% of Circa's sales, a similar proportion to the last two years. The Company has a well-established comprehensive credit and collections policy including detailed credit reviews and early payment incentives. As a result, Circa does not have significant collection concerns. The $1.5 million in sales in 2003 contributed by Circa Metals Inc. also mitigates sales concentration and collection concerns.

Raw Materials

While raw materials supply presents a potential risk for any manufacturing Company, Circa has reduced this risk by establishing several sources of supply for key raw materials, both in North America as well as for its offshore contract manufacturing arrangements.

The Company also faces the risk of unexpected increases in the cost of raw materials which may not be recoverable in finished product sale prices.

Foreign Currency Exchange

Events occurring during the year ended December 31, 2003 illustrated the exposure that Circa must manage related to the value of the Canadian dollar compared to the U.S. dollar. This risk relates to the fact that during 2003, 85% of the Company's sales and a significant percentage of its net assets are in U.S. dollars. Although a benefit remains from generating sales in U.S. dollars, while having a relatively high percentage of manufacturing costs in Canadian dollars, 2003 presented an example of how sales reported in Canadian dollars can be adversely affected by movement in the U.S. dollar. An associated risk lies in the fact that Circa must translate its U.S. subsidiary company's accounts to Canadian dollars for financial reporting purposes.

Circa has investigated the use of financial arrangements to hedge transactions involving foreign exchange exposure but did not utilize any such arrangements during 2003 due to the facts that much of the risk is non cash in nature, and the relatively high cost and risk associated with hedging instruments. The Company continues to review options available to it to mitigate

this risk factor. In addition, sales generated by Circa Metals Inc. are primarily to the Ontario marketplace, and serve to reduce the foreign exchange exposure.

Economic Climate

A key factor in Circa's sales growth is the level of commercial construction activity in the Unites States. The prolonged weakness in the U.S. economy resulted in a significant sales reduction for the Company in 2003. Circa responded by increasing its sales and marketing efforts, controlling expenses and reducing its debt and inventory levels. In addition, the 2002 acquisition of the metals fabrication business served to diversify Circa's marketplace. During 2003 Circa further responded by bringing to market new products as well as enhancing existing products. The fact remains that the size of the U.S. market for the Company's products means that weakness in the construction sector will have a negative effect on Circa's sales growth.

Recent indications are that the commercial construction sector in the U.S. is returning to levels seen in previous years, and Circa is well positioned to benefit from this recovery.

Product Market

Circa's core business products continue to be surge protection and related devices. Electrical codes in Canada and the United States require the use of products that Circa supplies, and while other forms of communication transmission such as wireless and fiber optic cable have made inroads, the market for surge protection products remains consistent.

During 2003, Circa recognized that weaker market conditions required that it increase its focus on new product development as well as shift its marketing efforts to more specifically target end users, such as schools, hospitals, military bases and other campus environments. To that end Circa has introduced new devices in 2003 that provide protection for as little as six telephone or data lines for small businesses, up to five hundred lines for users such as airports or telcos. It is this ability to rapidly adapt to changing market conditions which will allow the Company to maintain and grow its market share.

Since mid 2002, Circa has been successful in diversifying its product and service offerings through its custom metal fabrication business. By acquiring a long existing profitable company in 2002 Circa gained a significant customer base and has been successful in growing that base. Its location in Markham, Ontario is well suited to provide future growth opportunities.

OUTLOOK

Events during the year ended December 31, 2003 presented a number of challenges to Circa and its efforts to grow its business while generating earnings for its shareholders.

The unprecedented increase in the value of the Canadian dollar and the continued slow U.S. economy combined to prevent the Company from meeting its sales and earnings objectives. Circa did enjoy success in the business aspects within its control such as sales diversification, cost reduction, and maintaining a strong balance sheet. 2004 sees a number of opportunities presenting themselves, such as a very positive response to new products, the inclusion in the bidder's list for major new contracts, and renewal of significant existing supply contracts. Early in 2004 it appears that the Canadian dollar's value is beginning to stabilize, an indication that Circa will not be exposed to the level of foreign currency rate fluctuation experienced in 2003.

The Company recognizes that it operates in a business environment in which the risks and uncertainties are significant; however, it believes that it has demonstrated the ability to respond to these uncertainties.

Circa's 2004 business plan includes a moderate increase in core product sales with further upside generated from expansion of its metal fabrication business and potential successful receipt of new supply contracts. In addition to internally generating growth, the Company has available resources to actively pursue potential acquisitions that meet strict criteria such as profitability and potential for future growth. These plans for top line sales growth, combined with the Company's history of cost management, are the basis for the expectation that Circa will return to its long-established pattern of producing superior earnings and returns to shareholders.

Management's Statement of Responsibility

The management of Circa Enterprises Inc. is responsible for the preparation and presentation of the accompanying consolidated [illegible] ments and all information in the Annual Report. The consolidated financial statements have been prepared in accordance [illegible] ples generally accepted in Canada and are considered by management to present fairly the financial position and operating [illegible]

The Company maintains various systems of internal control to provide reasonable assurance that transactions are [illegible] recorded, that assets are safeguarded, and that financial records are properly maintained to provide accurate and reliable financia[illegible] The Company's audit committee is comprised of non-management directors and is appointed by the Board of Directors annually. The [illegible] tee meets periodically with the Company's management and independent auditors to review financial reporting matters and [illegible] and to review the consolidated financial statements and the independent auditor's report. The audit committee reported [illegible] Board of Directors who have approved the consolidated financial statements.

[illegible]

[illegible]
President and Chief Executive Officer

[illegible]
Director

Auditors' Report

To the Shareholders of
Circa Enterprises Inc.

We have audited the consolidated balance sheet of Circa Enterprises Inc. as at December 31, 2003 and the consolidated statements of loss and retained earnings and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting prin- [illegible]

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2002 and for the year then ended were audited by another firm of chartered accountants who expressed an unqualified opinion on these statements in their report dated February 20, 2003.

Grant Thornton LLP
[illegible]

[illegible]
[illegible]

Consolidated Balance Sheets

December 31, 2003

	2003	2002
	$	$
ASSETS		
Current		
Cash and cash equivalents	**1,613,044**	4,347,380
Marketable securities (Note 5)	**787,516**	1,637,076
Accounts receivable	**1,943,594**	1,977,674
Income taxes receivable	**586,881**	-
Inventory	**2,929,262**	3,853,833
Prepaid expenses	**121,720**	81,329
	7,982,017	11,897,292
Property, plant and equipment (Note 6)	**1,853,114**	2,196,608
Intangible assets and goodwill (Note 7)	**1,058,111**	1,326,827
Future income taxes (Note 14)	**199,093**	-
	11,092,335	15,420,727
LIABILITIES		
Current		
Bank indebtedness (Note 8)	**-**	78,980
Accounts payable and accrued liabilities	**1,158,261**	1,664,762
Note payable	**-**	100,000
Dividends payable (Note 9)	**-**	2,823,795
Income taxes payable	**-**	95,048
Current portion of long-term debt (Note 10)	**125,000**	125,000
Current portion of obligation under capital lease (Note 11)	**7,510**	8,537
	1,290,771	4,896,122
Long-term debt (Note 10)	**218,750**	343,750
Obligation under capital lease (Note 11)	**22,903**	37,172
Deferred gain (Note 12)	**207,117**	270,038
Future income taxes (Note 14)	**-**	248,923
	1,739,541	5,796,005
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	**2,647,940**	2,606,737
Retained earnings	**6,704,854**	7,017,985
	9,352,794	9,624,722
	11,092,335	15,420,727

Approved by the Board

J.W. Smith

Director

H.R. Fanning

Director

Consolidated Statements of Loss and Retained Earnings

Year ended December 31, 2003

	2003 $	2002 $
SALES (Note 17)	**16,165,665**	22,037,846
COST OF SALES	**10,268,532**	13,888,244
	5,897,133	8,149,602
ROYALTIES, INTEREST AND OTHER INCOME	**233,463**	321,913
	6,130,596	8,471,515
EXPENSES		
General and administrative	**3,030,011**	3,114,267
Marketing and selling	**1,600,443**	1,749,902
Engineering	**276,026**	382,683
Amortization	**520,384**	476,623
Interest - current	**38,920**	79,451
Interest on long-term debt	**23,381**	8,697
	5,489,165	5,811,623
EARNINGS BEFORE OTHER ITEMS	**641,431**	2,659,892
OTHER ITEMS:		
Write-down of intangible assets (Note 7)	**195,480**	-
Foreign currency translation loss	**1,009,398**	41,737
(LOSS) EARNINGS BEFORE INCOME TAXES	**(563,447)**	2,618,155
(RECOVERY OF) PROVISION FOR INCOME TAXES (Note 14)		
Current	**189,900**	1,009,536
Future	**(448,016)**	(112,392)
	(258,116)	897,144
NET (LOSS) EARNINGS	**(305,331)**	1,721,011
RETAINED EARNINGS, BEGINNING OF YEAR	**7,017,985**	8,120,769
DIVIDENDS	**(7,800)**	(2,823,795)
RETAINED EARNINGS, END OF YEAR	**6,704,854**	7,017,985
(LOSS) EARNINGS PER SHARE (Note 15)		
Basic and diluted	**(.03)**	0.19

Consolidated Statements of Cash Flows

Year ended December 31, 2003

	2003 $	2002 $
CASH FLOW RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net (loss) earnings	(305,331)	1,721,011
Adjustments for:		
Amortization	758,178	801,286
Write-down of intangible assets	195,480	-
Gain on disposal of property, plant and equipment	(31,275)	(59,415)
Future income taxes	(448,016)	(112,392)
Foreign exchange loss on cash held in foreign currency	409,296	14,455
	578,332	2,364,945
Changes in non-cash working capital (Note 18)	(248,724)	1,371,789
	329,608	3,736,734
FINANCING		
Payment of dividends (Note 9)	(7,800)	(2,823,795)
Proceeds from long-term debt	-	500,000
Repayment of long-term debt	(125,000)	(31,250)
Repayment of note payable	(100,000)	(100,000)
Decrease in obligation under capital lease	(15,296)	(5,388)
Proceeds from issuance of share capital	41,203	157,250
Changes in non-cash working capital (Note 18)	(2,823,795)	2,823,795
	(3,030,688)	520,612
INVESTING		
Acquisition of subsidiary (Note 4)	-	(478,325)
Purchase of property, plant and equipment	(201,140)	(531,345)
Proceeds from sale of property, plant and equipment	12,280	160
Additions to intangible assets	(184,235)	(191,151)
Changes in non-cash working capital (Note 18)	828,115	(1,621,838)
	455,020	(2,822,499)
FOREIGN EXCHANGE LOSS ON CASH HELD IN FOREIGN CURRENCY	(409,296)	(14,455)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,655,356)	1,420,392
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,268,400	2,848,008
CASH AND CASH EQUIVALENTS, END OF YEAR	1,613,044	4,268,400
Represented by:		
Balances with banks	1,613,044	3,322,434
Short-term investments	-	1,024,946
Bank indebtedness	-	(78,980)
	1,613,044	4,268,400

Supplementary cash flow information (Note 18)

Notes to the Consolidated Financial Statements

Year Ended December 31, 2003

note 1. DESCRIPTION OF BUSINESS

Circa Enterprises Inc. (the "Company") was incorporated under the Business Corporations Act in the province of Alberta. The Company's principal business activity is the design, manufacture, and marketing of a broad range of surge protection and related products, primarily for the United States market.

note 2. CHANGE IN ACCOUNTING POLICIES

The Company has adopted the accounting recommendation of the Canadian Institute of Chartered Accountants on goodwill and other intangible assets. Under the standard, all goodwill and other intangible assets with indefinite lives that are currently included in the Company's consolidated balance sheet will not be amortized to income over time and will be subject to a periodic impairment review designed to ensure that the fair value remains greater than, or equal to, book value. Any excess of book value over fair value will be charged to income in the period in which the impairment is determined.

Effective January 1, 2002, the Company adopted the accounting recommendation for Stock-Based Compensation, which establishes the standards of recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The standard requires that a fair value based method of accounting be applied to all stock-based payments to non-employees and to employee awards of stock.

Effective January 1, 2003, the Company prospectively adopted the accounting recommendation for Stock-Based Compensation, which establishes the standards of recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The standard requires that a fair value based method of accounting be applied to all stock-based payments to non-employees and to employee awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by issuance of equity instruments.

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Company and its wholly owned subsidiaries, Circa Telecom (U.S.A.), Inc. ("Circa U.S.A.") and Circa Metals, Inc. ("Circa Metals"). Certain comparative figures have been reclassified to conform to the current year presentation.

note 3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currency translation

The Company's foreign subsidiary, Circa U.S.A., is considered financially and operationally dependent on the parent Company and, as such, is accounted for as an integrated operation whereby its accounts are translated into Canadian dollars using the temporal method.

All monetary assets and liabilities denominated in United States ("U.S.") currency are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historic exchange rates. Revenue and expense items, excluding amortization, are translated at the weighted average rate of exchange for the year. Amortization is translated at the same rates as the related assets. Translation exchange gains and losses of integrated foreign subsidiaries are reflected in earnings.

Cash And Cash Equivalents

Cash and cash equivalents represent cash on hand and balances with banks, bank overdrafts, and highly-liquid investments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Marketable securities

Temporary investments consist of investments in shares and bonds carried at the lower of cost and market, where market is based on the quoted market value at the balance sheet dates.

Inventory

Inventories are valued at standard cost, which approximates actual cost, and replacement cost or net realizable value, whichever is lower.

note 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost. Amortization of these assets has been calculated on the basis and rates indicated below:

	Basis	Rate
Equipment	Declining-balance	6% - 20%
Office equipment	Declining-balance and straight-line	20% - 30% or 3 years
Office equipment under capital lease	Straight-line over term of lease	3 - 5 years
Leasehold improvements	Straight-line	Over 4-10 years

Deferred development costs

Deferred development costs include costs incurred on new product development projects for telecommunications equipment, which, in the Company's view, have clearly defined market prospects. Projects with defined markets but that are not yet commercialized are deferred, subject to periodic review for impairment, and are not amortized. Project costs which are deferred and have been commercialized are amortized on a straight-line basis over a period which relates to the product's estimated economic life. The ability to recover the carrying value of deferred development costs is based on estimates, which by their nature, are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future years could be significant.

Deferred development costs are reduced by government grants and related investment tax credits available on qualifying scientific research and experimental development expenditures.

Patents and product certification costs

The Company amortizes patents and product certification costs over 5 to 17 years on a straight-line basis, relating to the life of the patents and product certificates.

Goodwill

Goodwill resulting from business acquisitions is not being amortized but is assessed for impairment on an annual basis. Any excess of book value over estimated fair value is charged to income in the period in which the impairment is determined.

Deferred gain

The gain on the sale-leaseback of the land and building (Note 12) is being amortized over the seven year term of the resulting lease.

Revenue recognition

The Company manufactures and sells various components to the telecommunications industry and recognizes revenue when the product is shipped and ownership is transferred to the customer.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method the Company records future income taxes based on differences between the accounting and income tax basis of an asset or liability. The effect of a change in income tax rates on future income tax liabilities is recognized in income in the period that the change occurs.

Stock-based compensation plans

Stock options granted to directors, officers, employees and consultants are accounted for using the fair value method. Under the fair value method, the fair value of the stock option is estimated at the grant date and the total fair value of the options is recorded at the vesting date or amortized over the vesting period as compensation expense with an offset to contributed surplus. For options that are cancelled or expire, the compensation expense that was previously recognized in operating expense and contributed surplus is reversed. When options are exercised, contributed surplus is reversed and the shares issued are credited to share capital.

Loss per share

Basic loss per share is based on the weighted average number of common shares outstanding during the year. Diluted loss per share is based on the treasury stock method which takes into consideration the dilutive effect of the potential exercise of stock options.

note 4. ACQUISITION OF SUBSIDIARY COMPANY

On July 19, 2002 the Company completed the purchase of 100% of the outstanding issued common shares of AOK Custom Metals Limited (renamed Circa Metals), a privately held custom metal fabricating operation, for consideration of $1,128,842, including transaction costs of $28,842. The consideration included the issuance of 100,000 Circa common shares, based upon the trading value on the day of acquisition, notes payable totalling $200,000 and cash of $818,842. The results of Circa Metals' operations have been included in the consolidated financial statements from July 19, 2002.

note 4. ACQUISITION OF SUBSIDIARY COMPANY (continued)

At December 31, 2002, a note payable amounting to $100,000 remained outstanding. It was unsecured with interest at 8% and was paid in July 2003.

The estimated fair value of net assets acquired was as follows:

	$
Cash	340,517
Non-cash current assets	413,160
Current liabilities	(420,677)
Property, plant and equipment	715,000
Future income taxes payable	(210,885)
	837,115
Consideration	1,128,842
Goodwill	291,727

Consideration:	
Shares	110,000
Notes payable	200,000
Cash	818,842
	1,128,842

note 5. MARKETABLE SECURITIES

Marketable securities are recorded at the lower of cost and market value. The market value at December 31, 2003 amounted to $836,727 (2002 - $1,652,515).

note 6. PROPERTY, PLANT AND EQUIPMENT

	2003		
	Cost	Accumulated Amortization	Net Book Value
	$	**$**	**$**
Equipment	**3,033,867**	**1,914,199**	**1,119,668**
Office equipment	**992,303**	**572,687**	**419,616**
Office equipment under capital lease	**48,112**	**13,005**	**35,107**
Leasehold improvements	**370,136**	**91,413**	**278,723**
	4,444,418	**2,591,304**	**1,853,114**

	2002		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Equipment	3,039,725	1,699,088	1,340,637
Office equipment	1,264,224	752,790	511,434
Office equipment under capital lease	48,112	3,207	44,905
Leasehold improvements	416,549	116,917	299,632
	4,768,610	2,572,002	2,196,608

Amortization amounted to $500,707 (2002 - $552,002), of which $237,794 (2002 - $324,663) is included in cost of sales.

Property, plant and equipment acquired during the year, amounted to $201,140 (2002 - $1,294,457). Of this amount, $1,058 (2002 - $22,503) is included in accounts payable.

note 7. INTANGIBLE ASSETS AND GOODWILL

	2003		
	Cost	Accumulated Amortization	Net Book Value
	$	**$**	**$**
Deferred development costs	**1,578,706**	**841,224**	**737,482**
Patents and product certification costs	**139,577**	**110,675**	**28,902**
Goodwill	**291,727**	**-**	**291,727**
	2,010,010	**951,899**	**1,058,111**

	2002		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Deferred development costs	1,688,895	765,317	923,578
Patents and product certification costs	276,779	165,257	111,522
Goodwill	291,727	-	291,727
	2,257,401	930,574	1,326,827

During the current year, management assessed the value of its development costs and patents and concluded that there has been a decline in the value related to a specific product. This decline is considered to be other than temporary due to general market factors and the related uncertainty of cost recovery. As a result, the carrying values of these costs were reduced by $195,480 (2002 - nil). Related equipment costs of $47,996 will be fully amortized in 2004. Carrying cost of related inventory ($237,114) was reduced by a charge to cost of sales of $37,827. It is management's opinion that the remaining inventory value is fully recoverable.

Research and development income tax credits of $35,829 (2002 - nil) related to deferred development projects have been deducted from the cost of individual projects.

Amortization of intangible assets for the year amounted to $257,471 (2002 - $249,284).

Goodwill has not been amortized and was tested for impairment at year-end, based upon discounted future cash flows.

note 8. BANK INDEBTEDNESS

The Company has a Canadian currency credit facility from a Canadian chartered bank of $4,000,000 (or the equivalent in U.S. currency) available for prime-based loans and/or letters of credit/guarantee and/or banker's acceptances. The credit facility is secured by a general security agreement covering all assets of the Company, a guarantee and postponement of claim in the amount of $4,000,000 signed by Circa U.S.A., and a general security agreement covering all assets of Circa U.S.A.

note 9. DIVIDENDS

On January 15, 2003 the Company paid a dividend of $0.30 per common share to shareholders of record on January 10, 2003.

note 10. LONG-TERM DEBT

In 2002, the Company arranged term financing from a Canadian chartered bank in the amount of $500,000. This non-revolving term facility has a term of 48 months and bears an interest rate of prime plus 0.5% (4.5% at December 31, 2003 and December 31, 2002).

	2003	2002
Repayable in monthly principal payments of $10,417 to July, 2006	**343,750**	468,750
Less current portion	**125,000**	125,000
	218,750	343,750

Security for this loan is the same as disclosed in Note 8 and also includes a guarantee and postponement of claim in the amount of $500,000 signed by Circa Metals, supported by a general security agreement constituting a first ranking security interest in all personal property of Circa Metals.

note 10. LONG-TERM DEBT (continued)

The required principal payments for the next three years are as follows:

	$
2004	125,000
2005	125,000
2006	93,750
Total	343,750

note 11. OBLIGATION UNDER CAPITAL LEASE

The obligation under capital lease is payable in US currency and expires on August 1, 2007. The future minimum lease payments required under the capital lease agreements for office equipment are as follows:

	2003 **$**	2002 $
Years ending December 31, 2003	**-**	11,580
2004	**9,474**	11,580
2005	**9,474**	11,580
2006	**9,474**	11,580
2007	**6,316**	7,716
Total minimum lease payments	**34,738**	54,036
Less interest implicit in leases at the rate of 7.27% (2002 - 7.27%)	**(4,325)**	(8,327)
	30,413	45,709
Less current portion	**7,510**	8,537
	22,903	37,172

note 12. DEFERRED GAIN

In April 2000, the Company entered into a sale-leaseback for its Hudson, Florida land and building. The gain realized on the sale in the amount of $440,450 has been deferred. Amortization of this gain, amounting to $62,921 (2002 - $62,921), is included in royalties, interest and other income for the year ended December 31, 2003.

note 13. SHARE CAPITAL

Authorized

Unlimited number of common shares
Unlimited number of first preferred shares
Unlimited number of second preferred shares

Issued

	Number of Shares	**Amount** **$**
Balance, December 31, 2001	9,134,650	**2,339,487**
Issued on acquisition of Circa Metals	100,000	**110,000**
Issued on the exercise of stock options	178,000	**157,250**
Balance, December 31, 2002	9,412,650	**2,606,737**
Issued on the exercise of stock options	46,000	**41,203**
Balance, December 31, 2003	9,458,650	**2,647,940**

note 13. SHARE CAPITAL (continued)

At December 31, 2003, options to purchase 87,000 common shares were outstanding exercisable from $1.35 to $1.53 per share and expiring between May 16, 2006 and July 3, 2006.

		2003		2002
	Number of Shares	Weighted Average Exercise Price $	Number of Shares	Weighted Average Exercise Price $
Outstanding, beginning of year	**355,000**	**1.78**	588,000	1.49
Exercised	**(46,000)**	**0.90**	(178,000)	0.88
Expired	**(142,000)**	**2.11**	-	-
Cancelled	**(80,000)**	**2.11**	(55,000)	1.61
Outstanding, end of year	**87,000**	**1.39**	355,000	1.78
Exercisable, end of year	**87,000**		355,000	

Under the employee stock option plan, the Company may grant options to its officers, directors, employees and consultants. Options granted under the plan have a maximum term of 5 years, with vesting terms and conditions determined by the board of directors when granted. The exercise price of each option shall be no less than the market price of the Company's shares at the grant date of the options. At December 31, 2003, there were 650,000 (2002 - 696,000) common shares reserved for this purpose. There were no stock options granted in 2003 and 2002.

note 14. INCOME TAXES

The provision for income taxes differs from the amounts that would have resulted from the combined federal and provincial statutory tax rates. The main differences are as follows:

	2003 $	2002 $
(Loss) earnings before income taxes	**(563,447)**	2,618,155
Expected tax expense (recovery) at combined federal and provincial rate of 36% (2002 - 39.2%)	**(202,841)**	1,026,317
Increase (decrease) resulting from		
Incremental manufacturing and processing rate	**-**	(88,844)
Effect of differential U.S. federal and state income tax on earnings of wholly-owned subsidiary	**3,900**	(7,477)
Other – including research and development credits	**(59,175)**	(32,852)
(Recovery of) provision for income taxes	**(258,116)**	897,144

Future income taxes consist of the following temporary differences:		
Property, plant and equipment	**(197,878)**	(291,712)
Resource allocation rate reduction	**(205,149)**	(333,154)
Profit in subsidiary inventory	**142,920**	253,624
Foreign currency translation loss	**378,360**	16,464
Deferred gain	**74,562**	105,855
Non-capital loss	**6,278**	-
	199,093	(248,923)

note 15. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share have been calculated using the weighted average number of common shares outstanding during the year, which was 9,450,053 for the year ended December 31, 2003 (2002 - 9,228,272).

note 16. **COMMITMENTS**

The Company is committed to long-term office and manufacturing premises lease payments through 2011. Annual payments required for each of the next five years are as follows:

	$
2004	579,165
2005	589,820
2006	523,524
2007	383,256
2008	228,896

note 17. **SEGMENTED DISCLOSURES**

The Company is organized as one business segment for making operating decisions. Performance is evaluated based on geographic sales and consolidated gross margin.

	2003		
	Canada	U.S.	Total
	$	**$**	**$**
Sales	**2,504,362**	**13,661,303**	**16,165,665**
Cost of sales			**10,268,532**
Gross margin			**5,897,133**
Identifiable assets	**6,279,971**	**4,812,364**	**11,092,335**
Capital expenditures and deferred development costs	**309,816**	**75,559**	**385,375**

	2002		
	Canada	U.S.	Total
	$	$	$
Sales	2,118,238	19,919,608	22,037,846
Cost of sales			13,888,244
Gross margin			8,149,602
Identifiable assets	6,012,434	9,408,293	15,420,727
Capital expenditures and deferred development costs	1,097,402	388,206	1,485,608

Prior to 2003, the surge protection module procurement process included a sale to and a subsequent repurchase from a supplier. During 2003, this process was discontinued, resulting in a reduction in the 2003 sales figure of $1,036,000 when compared to the 2002 result.

Net book value of property, plant and equipment located in Canada and the U.S. amount to $1,527,578 (2002 - $1,621,717) and $325,536 (2002 - $574,891), respectively.

Five customers represent $9,694,000 (2002 - $13,463,000) of the revenues generated from sales in the U.S.

note 18. SUPPLEMENTARY CASH FLOW INFORMATION

	2003 $	2002 $
Changes in non-cash working capital-operating:		
Accounts receivable	**34,080**	20,008
Income taxes receivable	**(586,881)**	-
Inventory	**924,571**	963,095
Prepaid expenses	**(40,391)**	(9,583)
Accounts payable and accrued liabilities	**(485,055)**	351,222
Income taxes payable	**(95,048)**	47,047
	(248,724)	1,371,789
Changes in non-cash working capital – financing:		
Dividends payable	**(2,823,795)**	2,823,795
Changes in non-cash working capital – investing:		
Marketable securities	**849,560**	(1,637,076)
Accounts payable related to property, plant and equipment	**(21,445)**	15,238
	828,115	(1,621,838)
Interest received	**50,987**	80,277
Interest paid	**57,207**	48,643
Income taxes paid	**1,172,337**	902,405
Property, plant and equipment		
Opening Balance	**2,196,608**	1,761,821
Cash transactions:		
Additions, net of proceeds from sales	**188,860**	531,185
Non-cash transactions:		
Additions, net, including acquisition of Circa Metals	**(31,646)**	455,604
Amortization	**(500,707)**	(552,002)
Ending balance	**1,853,115**	2,196,608
Intangible assets		
Opening Balance	**1,326,827**	1,093,233
Cash transactions:		
Additions	**184,235**	191,151
Non-cash transactions:		
Goodwill from acquisition of Circa Metals	**-**	291,727
Write down of assets	**(195,480)**	-
Amortization	**(257,471)**	(249,284)
Ending balance	**1,058,111**	1,326,827

note 19. FINANCIAL INSTRUMENTS

Fair value

The fair value of financial instruments, which include accounts receivable, marketable securities, accounts payable and accrued liabilities, long-term debt, and obligation under capital leases, approximates amounts at which these instruments could be exchanged in a transaction between knowledgeable and willing parties, and approximates book value.

Credit risk

Credit risk in accounts receivable is limited due to the Company's comprehensive credit policy. This includes the establishment of credit terms with new customers and the continued monitoring of credit terms of existing customers.

Foreign currency exchange risk

The Company has considered a foreign exchange hedging program to reduce risks arising from foreign currency translation of monetary assets and liabilities from U.S. currency into Canadian dollars. There were no hedging contracts outstanding at December 31, 2003 and 2002.

Five Year Summary

($000s, except where indicated)	**2003**	2002	2001	2000	1999
Sales	**16,166**	22,038	21,054	24,343	18,169
Gross Profit	**5,897**	8,150	7,634	7,077	5,862
Operating Expense	**6,490**	5,531	5,305	4,759	4,270
Net (loss) Earnings	**(305)**	1,721	1,482	1,907	553
(Loss) earnings per share	**(0.03)**	0.19	0.17	0.22	0.06
Gross profit (%)	**36.5**	37.0	36.2	29.1	32.3
Return on Equity (%)	**(3.2)**	15.0	15.5	24.0	8.0
Dividend per share *	**–**	0.30	–	–	–
Net book value per share	**0.99**	1.02	1.15	1.00	0.79
Shares outstanding at year end	**9,458,650**	9,412,650	9,134,650	8,658,650	8,745,250
Working capital	**6,691**	7,001	8,391	6,661	3,737
Current ratio	**6.2:1**	2.4:1	9.3:1	3.2:1	2.2:1
Capital assets	**1,853**	2,197	1,476	1,397	1,488
Total assets	**11,092**	15,421	11,975	12,360	10,423

*The Board of Directors declared a cash dividend of $0.05 per share to shareholders of record at April 5, 2004.

Corporate Information

Board of Directors

IVAN W. SMITH (2)
President, CEO & Chairman of the Board

DR. PEIHUA GU (3)
Calgary, Alberta

ROBERT JOHNSTON (2)
North Charleston, South Carolina

HENRY LAWRIE (1) (3)
Calgary, Alberta

JOHN MACNEIL (1) (2)
Calgary, Alberta

BRICE SWEATT (1) (3)
North Charleston, South Carolina

Officers

IVAN W. SMITH
President, CEO & Chairman of the Board

RICK SCHMIDT
Vice President, Finance & CFO

DAN DERASMO
Vice President, North American Sales

Offices

CIRCA ENTERPRISES INC.
2050, 2600 Portland Street SE
Calgary, AB, Canada T2G 4M6
tel: (403) 258-2011
fax: (403) 255-2595

CIRCA TELECOM USA INC.
6293 W. Linebaugh Ave.
Tampa, Florida USA 33625
tel: 1-800-783-6556
fax: (727) 863-8876

CIRCA METALS INC.
90 Centurian Drive
Building A, Unit 7
Markham, ON, Canada L3R 8C4
tel: (905) 475-6155
fax: (905) 475-2529

Auditors

Grant Thornton LLP
Chartered Accountants
Calgary, AB

Bankers

Royal Bank of Canada
Calgary, AB

Legal Counsel

Bennett Jones LLP
Calgary, AB

Transfer Agent

Computershare Trust Company
of Canada
Calgary, AB

Stock Exchange Listing

Toronto Stock Exchange
Symbol: CTO

For more information,
contact Mr. Rick Schmidt
tel: (403) 258-2011

Directors are members of:
(1) Audit Committee
(2) Governance and Nominating Committee
(3) Compensation Committee

Circa
Enterprises Inc.

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